



House of Representatives

General Assembly

File No. 436

January Session, 2007

House Bill No. 7370

House of Representatives, April 10, 2007

The Committee on Environment reported through REP. ROY, R. of the 119th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT ENCOURAGING INNOVATIVE SOLUTIONS TO REDUCE STORM WATER POLLUTION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 22a-477 of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective from passage*):

3 (a) There is established and created a fund to be known as the
4 "Clean Water Fund". There is established and created within the Clean
5 Water Fund a water pollution control federal revolving loan account, a
6 water pollution control state account, a Long Island Sound clean-up
7 account, a drinking water federal revolving loan account, a drinking
8 water state account, [and] a river restoration account and a storm
9 water innovation account, which accounts shall be held separate and
10 apart from each other.

11 (b) There shall be deposited in the water pollution control federal
12 revolving loan account of the Clean Water Fund: (1) The proceeds of
13 notes, bonds or other obligations issued by the state for the purpose of

14 deposit therein and use in accordance with the permissible uses
15 thereof; (2) federal capitalization grants and awards or other federal
16 assistance received by the state pursuant to Title VI of the federal
17 Water Pollution Control Act; (3) funds appropriated by the General
18 Assembly for the purpose of deposit therein and use in accordance
19 with the permissible uses thereof; (4) payments received from any
20 municipality in repayment of a project loan made with moneys on
21 deposit in the water pollution control federal revolving loan account;
22 (5) interest or other income earned on the investment of moneys in the
23 water pollution control federal revolving loan account; (6) any
24 additional moneys made available from any sources, public or private,
25 for the purposes for which the water pollution control federal
26 revolving loan account has been established and for the purpose of
27 deposit therein; and (7) on and after July 1, 1990, and annually
28 thereafter, any moneys forfeited to the state by any person for a
29 violation of a permit which results in a discharge into a municipal
30 sewage treatment system, as determined by the commissioner, which
31 are in excess of the total moneys forfeited to the state for such
32 violations for the fiscal year ending June 30, 1990.

33 (c) Within the water pollution control federal revolving loan account
34 there are established the following subaccounts: (1) A federal receipts
35 subaccount, into which shall be deposited federal capitalization grants
36 and awards or other federal assistance received by the state pursuant
37 to Title VI of the federal Water Pollution Control Act, (2) a state bond
38 receipts subaccount into which shall be deposited the proceeds of
39 notes, bonds or other obligations issued by the state for the purpose of
40 deposit therein, (3) a state General Fund receipts subaccount into
41 which shall be deposited funds appropriated by the General Assembly
42 for the purpose of deposit therein, (4) a federal loan repayment
43 subaccount into which shall be deposited payments received from any
44 municipality in repayment of a project loan made from any moneys
45 deposited in the water pollution control federal revolving loan
46 account. Moneys in each subaccount created under this subsection
47 may be expended by the commissioner for any of the purposes of the
48 water pollution control federal revolving loan account and investment

49 earnings of any subaccount shall be deposited in such account.

50 (d) There shall be deposited in the water pollution control state
51 account of the Clean Water Fund: (1) The proceeds of notes, bonds or
52 other obligations issued by the state for the purpose of deposit therein
53 and use in accordance with the permissible uses thereof; (2) funds
54 appropriated by the General Assembly for the purpose of deposit
55 therein and use in accordance with the permissible uses thereof; (3)
56 interest or other income earned on the investment of moneys in the
57 water pollution control state account; (4) payments received from any
58 municipality as repayment for a grant account loan made with moneys
59 on deposit in the water pollution control state account; and (5) any
60 additional moneys made available from any sources, public or private,
61 for the purposes for which the water pollution control state account
62 has been established other than moneys on deposit in the federal
63 receipts subaccount of the water pollution control federal revolving
64 loan account.

65 (e) Within the water pollution control state account there are
66 established the following subaccounts: (1) A state bond receipts
67 subaccount, into which shall be deposited the proceeds of notes, bonds
68 or other obligations issued by the state for the purpose of deposit
69 therein; (2) a General Fund receipts subaccount into which shall be
70 deposited funds appropriated by the General Assembly for the
71 purpose of deposit therein; (3) a state loan repayment subaccount into
72 which shall be deposited payments received from any municipality in
73 repayment of a project loan made from any moneys deposited in the
74 water pollution control state account; (4) a state administrative and
75 management subaccount into which shall be deposited amounts for
76 administration and management of the Clean Water Fund which
77 amounts shall be determined by the commissioner in consultation with
78 the Secretary of the Office of Policy and Management; and (5) a state
79 grant subaccount, into which shall be deposited (A) the proceeds of
80 notes, bonds or other obligations issued by the state for the purposes of
81 deposit therein; (B) funds appropriated by the General Assembly for
82 the purpose of deposit therein; and (C) payments received from a

83 municipality in repayment of a grant account loan.

84 (f) Moneys deposited in the Clean Water Fund shall be held
85 separate and apart from all other moneys, funds and accounts.
86 Investment earnings credited to the assets of such fund and to any
87 account and subaccount thereof shall become part of the assets of such
88 fund, account and subaccount. Any balance remaining in the Clean
89 Water Fund at the end of any fiscal year shall be carried forward in
90 such fund, account and subaccount for the fiscal year next succeeding.

91 (g) Amounts in the water pollution control federal revolving loan
92 account of the Clean Water Fund shall be available to the
93 commissioner to provide financial assistance (1) to any municipality
94 for construction of eligible water quality projects, and (2) for any other
95 purpose authorized by Title VI of the federal Water Pollution Control
96 Act. In providing such financial assistance to municipalities, amounts
97 in such account may be used only: (A) By the commissioner to make
98 loans to municipalities at an interest rate of two per cent per annum,
99 provided such loans shall not exceed a term of twenty years and shall
100 have principal and interest payments commencing not later than one
101 year after scheduled completion of the project, and provided the loan
102 recipient will establish a dedicated source of revenue for repayment of
103 the loan; (B) by the commissioner to guarantee, or purchase insurance
104 for, local obligations, where such action would improve credit market
105 access or reduce interest rates; (C) as a source of revenue or security for
106 the payment of principal and interest on revenue or general obligation
107 bonds issued by the state if the proceeds of the sale of such bonds have
108 been deposited in such account; (D) to be invested by the Treasurer of
109 the state and earn interest on moneys in such account; and (E) by the
110 commissioner to pay for the reasonable costs of administering such
111 account and conducting activities under Title VI of the federal Water
112 Pollution Control Act.

113 (h) Amounts in the water pollution control state account of the
114 Clean Water Fund shall be available: (1) To be invested by the
115 Treasurer of the state to earn interest on moneys in such account; (2)

116 for the commissioner to make grants to municipalities in the amounts
117 and in the manner set forth in a project funding agreement; (3) for the
118 commissioner to make loans to municipalities in amounts and in the
119 manner set forth in a project funding agreement for planning and
120 developing eligible projects prior to construction and permanent
121 financing; (4) for the commissioner to make loans to municipalities, for
122 terms not exceeding twenty years, for an eligible water quality project;
123 (5) for the commissioner to pay the costs of environmental studies and
124 surveys to determine water pollution control needs and priorities and
125 to pay the expenses of the department in administering the program;
126 (6) for the payment of costs for administration and management of the
127 Clean Water Fund; (7) provided such amounts are not required for the
128 purposes of such fund, for the Treasurer of the state to pay debt service
129 on bonds of the state issued to fund the Clean Water Fund, or for the
130 purchase or redemption of such bonds; (8) for the commissioner to
131 make grants to municipalities for the development and installation of
132 structural improvements to secondary clarifier operations including,
133 but not limited to, flow distribution mechanisms, baffle-type devices,
134 feed well design and sludge withdrawal mechanisms. Grants under
135 this subdivision shall be for one hundred per cent of the construction
136 cost and not more than three million dollars from the fund shall be
137 used for such grants; (9) for the commissioner to pay the costs for the
138 establishment, administration and management of the nitrogen credit
139 exchange program described in section 22a-524, including, but not
140 limited to, the purchase of equivalent nitrogen credits from publicly-
141 owned treatment works in the event that the account of state funds
142 established pursuant to section 22a-524 is exhausted; and (10) for any
143 other purpose of the Clean Water Fund and the program relating
144 thereto.

145 (i) The Treasurer may establish such accounts and subaccounts
146 within the Clean Water Fund as he deems desirable to effectuate the
147 purposes of sections 22a-475 to 22a-483, inclusive, including, but not
148 limited to, accounts (1) to segregate a portion or portions of the corpus
149 of the water pollution control federal revolving loan account or the
150 drinking water federal revolving loan account or as security for

151 revenue bonds issued by the state for deposit in either of such
152 accounts, (2) to segregate investment earnings on all or a portion of the
153 water pollution control federal revolving loan account, the water
154 pollution control state account, the drinking water federal revolving
155 loan account or the drinking water state account, or (3) to segregate
156 moneys in the fund that have previously been expended for the benefit
157 of an eligible project from moneys that are initial deposits in the
158 account.

159 (j) There shall be deposited in the Long Island Sound clean-up
160 account (1) the proceeds of notes, bonds or other obligations issued by
161 the state for the purpose of deposit therein and use in accordance with
162 the permissible uses thereof, (2) funds appropriated by the General
163 Assembly for the purpose of deposit therein and use in accordance
164 with the permissible uses thereof and (3) any additional moneys made
165 available from any sources, public or private, for the purposes for
166 which the Long Island Sound clean-up account has been established
167 other than moneys on deposit in the federal revolving loan account.

168 (k) Amounts in the Long Island Sound clean-up account shall be
169 available: (1) To be invested by the Treasurer of the state to earn
170 interest on moneys in such account; (2) for the commissioner to make
171 grants to municipalities who undertake the construction of combined
172 sewer projects which are found by the commissioner to impact Long
173 Island Sound or which are part of a system under construction by a
174 municipality prior to July 1, 1990, to mitigate effects of inflow on
175 treatment processes and on Long Island Sound, provided such grants
176 shall be fifty per cent of the eligible water quality project costs of such
177 project and be made in accordance with the provisions of section 22a-
178 478; (3) for the commissioner to make grants to municipalities for
179 eligible water quality projects for which the commissioner has required
180 nutrient removal to protect Long Island Sound provided the amount of
181 the grant shall be twenty per cent of the eligible water quality costs
182 and be made in accordance with the provisions of said section 22a-478;
183 (4) for the commissioner to make grants to agencies, institutions or
184 persons to conduct research related to Long Island Sound in

185 accordance with procedures established by the commissioner; (5) for
186 the commissioner to provide funds for (A) sediment, dredging and
187 disposal activities for Long Island Sound, including necessary studies,
188 (B) physical improvements to coves, embayments, coastal wetlands
189 and salt marshes in physical proximity to Long Island Sound and (C)
190 harbor water quality programs to enhance the sediment and water
191 quality of harbors, coves, embayments and wetlands of Long Island
192 Sound; (6) for the commissioner to provide funds for the restoration
193 and rehabilitation of tidal coves, embayments and salt marshes
194 degraded by physical modification, development or the effect of
195 pollution, following a feasibility assessment which shall form the basis
196 for the commissioner's determination of eligible restoration practices;
197 (7) for the commissioner to provide funds for laboratory development
198 to aid analysis of water quality samples collected as part of the Long
199 Island Sound ambient monitoring program; (8) for the commissioner to
200 make grants to municipalities for each municipally-owned waste water
201 treatment facility which discharges into coastal waters, for interim
202 improvements to remove total nitrogen from such discharges in a
203 manner which ensures that the total nitrogen load does not exceed the
204 amount discharged during 1990, provided such grants shall be one
205 hundred per cent of the eligible project costs of such projects; and (9)
206 for the commissioner to provide grants on a competitive basis for
207 demonstration projects to reduce nonpoint source pollution of Long
208 Island Sound, following establishment by the commissioner of criteria
209 for the awarding of such grants. The funds authorized for deposit in
210 the Long Island Sound clean-up account pursuant to section 22a-483
211 shall, in addition to any use under subdivision (1) of this subsection, be
212 expended in accordance with the following minimums: (i) For the
213 purposes of subdivision (2) of this subsection, not less than twenty
214 million five hundred thousand dollars; (ii) for the purposes of
215 subdivision (4) of this subsection, not less than one million dollars; (iii)
216 for the purposes of subdivision (6) of this subsection, not less than
217 three million dollars; (iv) for the purposes of subdivision (7) of this
218 subsection, not less than five hundred thousand dollars; and (v) for the
219 purposes of subdivision (8) of this subsection, not less than fifteen

220 million dollars.

221 (l) There shall be deposited in the river restoration account (1) the
222 proceeds of notes, bonds or other obligations issued by the state for the
223 purpose of deposit therein and use in accordance with the permissible
224 uses thereof, (2) funds authorized by the General Assembly for the
225 purpose of deposit therein and use in accordance with the permissible
226 uses thereof, and (3) any additional moneys made available from any
227 sources, public or private, for the purposes for which the river
228 restoration account has been established, except that in no case shall
229 the funds authorized to be deposited in this account from the Clean
230 Water Fund exceed three million dollars per year.

231 (m) Amounts in the river restoration account shall be available: (1)
232 To be invested by the Treasurer of the state to earn interest on moneys
233 in such account; (2) for the payment of costs incurred by the
234 Department of Environmental Protection for the administration and
235 management of the rivers protection programs of the department; (3)
236 for the commissioner to provide assistance to river committees
237 established by municipalities for purposes of protection of rivers; (4)
238 for the commissioner to make grants to municipalities or such river
239 committees for the physical improvement and restoration of rivers
240 degraded by modification, development or the effects of pollution,
241 including but not limited to actions to (A) restore water quality, (B)
242 provide minimum stream flows, or (C) restore or enhance the
243 recreational, economic or environmental value of rivers and riverfront
244 land; and (5) for the payment of costs incurred by the department of
245 environmental protection for the physical improvement and
246 restoration of rivers degraded by modification, development or the
247 effects of pollution, including but not limited to actions to (A) restore
248 water quality, (B) provide minimum stream flows, or (C) restore or
249 enhance the recreational, economic or environmental value of rivers
250 and riverfront lands by, for example, planting vegetation, removing
251 physical impediments to river access, stabilizing stream banks,
252 deepening stream channels, installing fish ladders and removing
253 sediment; and (6) for the commissioner to make grants to provide

254 matching funds for riparian zone restoration projects funded under the
255 federal Agricultural Conservation Program pursuant to 16 USC Section
256 590g et seq. Amounts in the river restoration fund shall not be used for
257 acquisition of land or interests in land, for construction or maintenance
258 of parking lots, or for construction or maintenance of boat ramps or
259 other structures, with the exception of restoration or repair of historic
260 river-related structures.

261 (n) (1) The commissioner shall maintain a priority list of eligible
262 river restoration projects and shall establish a system setting the
263 priority for making project grants. In establishing such priority list and
264 ranking system, the commissioner shall consider all factors he deems
265 relevant, including but not limited to, the following: (A) The public
266 health and safety; (B) protection of environmental resources; (C)
267 attainment of state water quality goals and standards; (D) funds
268 expended on water quality improvements; (E) consistency with basin
269 planning; and (F) state and federal statutes and regulations. In
270 dispersing funds from the Rivers Restoration Account, the
271 commissioner shall give priority to providing matching funds for
272 riparian zone restoration projects funded under the federal
273 Agricultural Conservation Program pursuant to 16 USC Section 590g
274 et seq., and regulations adopted thereunder. The priority list of eligible
275 river restoration projects shall include a description of each project and
276 its purpose, and an explanation of the manner in which priorities were
277 established.

278 (2) In each fiscal year the commissioner may make grants to
279 municipalities and river committees established for river protection in
280 the order of priority under subdivision (1) of this subsection to the
281 extent of moneys available therefor in the appropriate accounts of the
282 Clean Water Fund.

283 (3) The funding of a project shall be pursuant to a project funding
284 agreement between the state, acting by and through the commissioner,
285 and the municipality, river commission or river committee
286 undertaking the project. A project funding agreement shall be in a

287 form prescribed by the commissioner.

288 (4) The commissioner may adopt regulations, in accordance with the
289 provisions of chapter 54, to carry out the purposes of this section.

290 (o) There shall be deposited in the drinking water federal revolving
291 loan account of the Clean Water Fund: (1) The proceeds of notes,
292 bonds or other obligations issued by the state for the purpose of
293 deposit therein and use in accordance with the permissible uses
294 thereof; (2) federal capitalization grants and federal capitalization
295 awards received by the state pursuant to the federal Safe Drinking
296 Water Act or other related federal acts; (3) funds appropriated by the
297 General Assembly for the purpose of deposit therein and use in
298 accordance with the permissible uses thereof; (4) payments received
299 from any recipient in repayment of a project loan made with moneys
300 on deposit in the drinking water federal revolving loan account; (5)
301 interest or other income earned on the investment of moneys in the
302 drinking water federal revolving loan account; and (6) any additional
303 moneys made available from any sources, public or private, for the
304 purposes for which the drinking water federal revolving loan account
305 has been established and for the purpose of deposit therein.

306 (p) Within the drinking water federal revolving loan account there
307 are established the following subaccounts: (1) A federal receipts
308 subaccount, into which shall be deposited federal capitalization grants
309 and federal capitalization awards received by the state pursuant to the
310 federal Safe Drinking Water Act or other related federal acts; (2) a state
311 bond receipts subaccount into which shall be deposited the proceeds of
312 notes, bonds or other obligations issued by the state for the purpose of
313 deposit therein; (3) a state General Fund receipts subaccount into
314 which shall be deposited funds appropriated by the General Assembly
315 for the purpose of deposit therein; and (4) a federal loan repayment
316 subaccount into which shall be deposited payments received from any
317 recipient in repayment of a project loan made from any moneys
318 deposited in the drinking water federal revolving loan account.
319 Moneys in each subaccount created under this subsection may be

320 expended by the commissioner for any of the purposes of the drinking
321 water federal revolving loan account and investment earnings of any
322 subaccount shall be deposited in such account.

323 (q) There shall be deposited in the drinking water state account of
324 the Clean Water Fund: (1) The proceeds of notes, bonds or other
325 obligations issued by the state for the purpose of deposit therein and
326 use in accordance with the permissible uses thereof; (2) funds
327 appropriated by the General Assembly for the purpose of deposit
328 therein and use in accordance with the permissible uses thereof; (3)
329 interest or other income earned on the investment of moneys in the
330 drinking water state account; (4) payments received from any recipient
331 as repayment for a project loan made with moneys on deposit in the
332 drinking water state account; and (5) any additional moneys made
333 available from any sources, public or private, for the purposes for
334 which the drinking water state account has been established other than
335 moneys on deposit in the federal receipts subaccount of the drinking
336 water federal revolving loan account.

337 (r) Within the drinking water state account there are established the
338 following subaccounts: (1) A state bond receipts subaccount, into
339 which shall be deposited the proceeds of notes, bonds or other
340 obligations issued by the state for the purpose of deposit therein; (2) a
341 General Fund receipts subaccount into which shall be deposited funds
342 appropriated by the General Assembly for the purpose of deposit
343 therein; and (3) a state loan repayment subaccount into which shall be
344 deposited payments received from any recipient in repayment of a
345 project loan made from any moneys deposited in the drinking water
346 state account.

347 (s) Amounts in the drinking water federal revolving loan account of
348 the Clean Water Fund shall be available to the commissioner to
349 provide financial assistance (1) to any recipient for construction of
350 eligible drinking water projects and approved by the Department of
351 Public Health, and (2) for any other purpose authorized by the federal
352 Safe Drinking Water Act or other related federal acts. In providing

353 such financial assistance to recipients, amounts in such account may be
354 used only: (A) By the commissioner to make loans to recipients at an
355 interest rate not exceeding one-half the rate of the average net interest
356 cost as determined by the last previous similar bond issue by the state
357 of Connecticut as determined by the State Bond Commission in
358 accordance with subsection (t) of section 3-20, provided such loans
359 shall not exceed a term of twenty years, or such longer period as may
360 be permitted by applicable federal law, and shall have principal and
361 interest payments commencing not later than one year after scheduled
362 completion of the project, and provided the loan recipient shall
363 establish a dedicated source of revenue for repayment of the loan,
364 except to the extent that the priority list of eligible drinking water
365 projects allows for the making of project loans to disadvantaged
366 communities upon different terms, including reduced interest rates or
367 an extended term, if permitted by federal law; (B) by the commissioner
368 to guarantee, or purchase insurance for, local obligations, where such
369 action would improve credit market access or reduce interest rates; (C)
370 as a source of revenue or security for the payment of principal and
371 interest on revenue or general obligation bonds issued by the state if
372 the proceeds of the sale of such bonds have been deposited in such
373 account; (D) to be invested by the State Treasurer and earn interest on
374 moneys in such account; (E) by the Commissioner of Environmental
375 Protection and the Department of Public Health to pay for the
376 reasonable costs of administering such account and conducting
377 activities under the federal Safe Drinking Water Act or other related
378 federal acts.

379 (t) Amounts in the drinking water state account of the Clean Water
380 Fund shall be available: (1) To be invested by the State Treasurer to
381 earn interest on moneys in such account; (2) for the Commissioner of
382 Environmental Protection to make grants to recipients in a manner
383 provided under the federal Safe Drinking Water Act in the amounts
384 and in the manner set forth in a project funding agreement; (3) with
385 the concurrence of the Commissioner of Public Health for the
386 Commissioner of Environmental Protection to make loans to recipients
387 in amounts and in the manner set forth in a project funding agreement

388 for planning and developing eligible drinking water projects prior to
389 construction and permanent financing; (4) with the concurrence of the
390 Commissioner of Public Health for the Commissioner of
391 Environmental Protection to make loans to recipients, for terms not
392 exceeding twenty years, for an eligible drinking water project; (5) with
393 the concurrence of the Commissioner of Public Health for the
394 Commissioner of Environmental Protection to pay the costs of studies
395 and surveys to determine drinking water needs and priorities and to
396 pay the expenses of the Department of Environmental Protection and
397 the Department of Public Health in undertaking such studies and
398 surveys and in administering the program; (6) for the payment of costs
399 as agreed to by the Department of Public Health after consultation
400 with the Secretary of the Office of Policy and Management for
401 administration and management of the drinking water programs
402 within the Clean Water Fund; (7) provided such amounts are not
403 required for the purposes of such fund, for the State Treasurer to pay
404 debt service on bonds of the state issued to fund the drinking water
405 programs within the Clean Water Fund, or for the purchase or
406 redemption of such bonds; and (8) for any other purpose of the
407 drinking water programs within the Clean Water Fund and the
408 program relating thereto.

409 (u) There shall be deposited into the storm water innovation
410 account (1) three per cent of any appropriation of seventy million
411 dollars or more to the Clean Water Fund in any fiscal year; (2) funds
412 authorized by the General Assembly for the purpose of deposit therein
413 and use in accordance with the permissible uses thereof; and (3) any
414 additional moneys made available from any sources, public or private,
415 for the purposes for which the storm water innovation account has
416 been established.

417 (v) Amounts in the storm water innovation account of the Clean
418 Water Fund shall be available for use by the Commissioner of
419 Environmental Protection, in consultation with the advisory council
420 established under section 2 of this act, for the purposes of grants to
421 municipalities to foster innovative municipal planning to control and

422 abate storm water pollution of the waters of the state.

423 Sec. 2. (NEW) (*Effective from passage*) The Commissioner of
424 Environmental Protection shall establish an advisory council
425 consisting of representatives from municipalities, environmental
426 groups and financial groups to advise the commissioner on how to
427 utilize the funds of the storm water innovation account established
428 under section 22a-477 of the general statutes, as amended by this act, to
429 achieve the greatest water quality improvements to the state's rivers,
430 streams and waterways.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	22a-477
Sec. 2	<i>from passage</i>	New section

Section 1	<i>from passage</i>	22a-477
Sec. 2	<i>from passage</i>	New section

ENV *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either chamber thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 08 \$	FY 09 \$
Treasurer, Debt Serv.	GF - Cost	See Below	See Below
Department of Environmental Protection	See Below	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill requires that 3% of any appropriation of \$70 million or more made to the Clean Water Fund (CWF) in any fiscal year must be deposited into the new account created in the bill. The bill's language is unclear because the CWF normally receives allocations of General Obligation (GO) bonds and not appropriations from the General Fund. If the provision is interpreted to mean allocations of GO bonds, it has no immediate fiscal impact because no additional GO bonds are authorized for the CWF program. However, to the degree that the provision causes bond funds to be expended more rapidly than they otherwise would have been, it may result in increased debt service costs in future years.

It should be noted that CWF projects are financed with: (1) a 20% grant-in-aid funded with GO bonds and (2) an 80% low interest loan funded with CWF revenue bonds. If \$70 million or more in GO bond funds are allocated, \$2.1 million in GO bonds would be reserved for storm water projects. This would result in a \$10.5 million reduction in CWF project funding composed of \$2.1 million in GO bonds and \$8.4 million in CWF revenue bonds.

The Governor's proposed capital budget authorizes \$140 million in GO bonds for CWF projects for the 2007-2009 biennium. Under the

provisions of sHB 7370, \$4.2 million would be deposited in the storm water account and funding for priority projects would be reduced by \$21.0 million.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**HB 7370*****AN ACT ENCOURAGING INNOVATIVE SOLUTIONS TO REDUCE
STORM WATER POLLUTION.*****SUMMARY:**

This bill creates and funds a storm water innovation account in the Clean Water Fund. The Department of Environmental Protection (DEP) commissioner must provide grants from the account to municipalities to foster innovative municipal planning to control and abate storm water pollution. The commissioner must consult with an advisory council the bill creates to do this.

EFFECTIVE DATE: Upon passage

FUNDING THE STORMWATER INNOVATION ACCOUNT

The bill requires that 3% of any appropriation of \$70 million or more made to the Clean Water Fund in any fiscal year be deposited into this account. In addition, the account must receive funds the legislature authorizes for deposit in the account, and any additional money from any public or private sources, for the purposes for which the account is created.

ADVISORY COUNCIL

The bill requires the commissioner to establish an advisory council consisting of representatives of municipalities and environmental and financial groups to advise her how to use funds from the account to achieve the greatest water quality improvements to rivers, streams, and waterways. The bill does not define financial groups or specify the number of members on the council.

BACKGROUND

Clean Water Fund

The Clean Water Fund provides financial assistance to municipalities for planning, designing, and constructing wastewater collection and treatment projects. The fund includes a water pollution control federal revolving loan account, water pollution control state account, a Long Island Sound clean-up account, a drinking water federal revolving loan account, a drinking water state account, and a river restoration account.

COMMITTEE ACTION

Environment Committee

Joint Favorable

Yea 30 Nay 0 (03/23/2007)